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As secretary of the special tax commission, the writer is permitted to state that the members are unanimous in favor of a permanent state tax commission, also of making the county rather than the township the real unit for purposes of assessment and equalization. Four members of the Iowa commission attended the National Tax Conference recently held at Richmond, Virginia, and were much impressed by the emphasis placed on efficient administration, in the deliberations of that body. If present plans materialize we expect to hold a State Tax Conference in the near future, thus affording an opportunity for public expression which will enable the tax commission to determine what measure of centralized administration will be practicable. There is every prospect that substantial progress in fiscal reform will be made by the next General Assembly.

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THE TAXATION OF INTANGIBLE PROPERTY IN MINNESOTA

IN their First Biennial Report, issued in 1908, the Minnesota Tax Commission recommended the taxation of money, credits, and several other classes of intangible property at a low flat rate of from three to four mills. In the spring of 1910 a bill embodying these views was passed by the lower branch of the state legislature, but was not acted upon by the senate. In their Second Biennial Report the Commission returned to the subject and repeated their former recommendation, going at some length into the history of the workings of the general property tax as applied to intangible personalty both in Minnesota and other states. The outcome was an act, approved on April 19th of the present year (1911), providing for the taxation by the state

of money and credits at a uniform rate of three mills upon the dollar.

In Minnesota as elsewhere the proportion of personalty to the total assessed valuation of all property has for many years been stationary or even declining, despite the undoubted rapid growth of personal property as compared with real estate. The Commission estimated that in 1910 not one-tenth of the intangible wealth of the state was contributing anything to the public revenue.¹ Since 1870 the assessed valuation of moneys, credits, and securities has been raised from 13% of all personal property to 29%; nevertheless, the inherent difficulty and injustice of attempting to tax these forms of intangible property at rates varying from 1½ to 6% — taking in many instances the whole income — have long demanded a radical change in methods of assessment and rate of levy.

The Minnesota Commission has been influenced by the report of the Massachusetts Commission on Taxation of 1908, and has reproduced much of the argument as well as a great part of the specific recommendations of the latter body. The present law as enacted is based largely upon the bill drafted by the Massachusetts Commission, many of its sections being followed almost without change of a word.

The principal features of the Minnesota law are to be found in the 1st, 2nd, 4th, 8th, 10th, and 13th sections. Money and credits are to be subjected to an annual tax of three mills, and are exempted from all other taxation. One-sixth of the revenue from this tax is to go to the state, a similar portion to the county, the remainder being apportioned equally to school and local needs. Self-assessment is to be the method of determining this kind of taxable property, official estimate being resorted to only in case of failure to make proper returns. A penalty of 50% is provided in case of such failure.

One important feature of the law is the provision for

¹ Second Biennial Report of the Minnesota Tax Commission, p. 180.

separate listing of intangible property, by which the tax-payer is enabled to return this class of property without returning all his goods and chattels. The Tax Commission is to prepare instructions for the local assessors, prepare blank lists and forms, and in fact have general supervision over methods of assessment. There is to be separate specification of money and of credits by the individual tax-payer, and separate listing upon permanent records, the returns and listing of this kind of property being kept "entirely distinct from that of other property."

Section 10 of the law requires county officers to prepare their reports in such a manner as to show under separate headings the aggregate amount of "moneys" and "credits" taxed in each district. This provision is obviously designed for purposes of statistical record and should within the next few years show some interesting results. Finally there is a section designed to check tax-dodging by removal of residence from one district to another, which provides that in case of such removal of domicile, the assessment shall, until new returns are made, be continued at the old valuation.

The first assessment of intangible property under the new law has just been completed.

For the previous ten years, the total assessment of money and credits in the State of Minnesota had stood pretty uniformly at about \$14,000,000. This figure, it should be observed, does not include mortgages, which are subject to a special registration tax. Under the new law, there were returned by the local authorities assessments of intangible property for 1911 amounting to \$104,000,000. In a number of districts the Tax Commission has ordered reassessments, returns of which have not yet been received in all cases; but the present indication is that the reassessment will raise the amount of intangible property to \$112,000,000. For the year 1912 the Commission now expects that these figures will be increased fully 50%, as both tax-payers and assessors become more familiar with the new law. It will be seen that the first results of the three-mill tax in Minnesota fully justified the expectation of the Tax Commission,

and are hardly less striking than those secured in Baltimore under the Maryland law of 1896. It may be expected that the success of the Minnesota experiment will encourage other states to adopt the plan of taxing intangible property at a moderate uniform rate.

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